

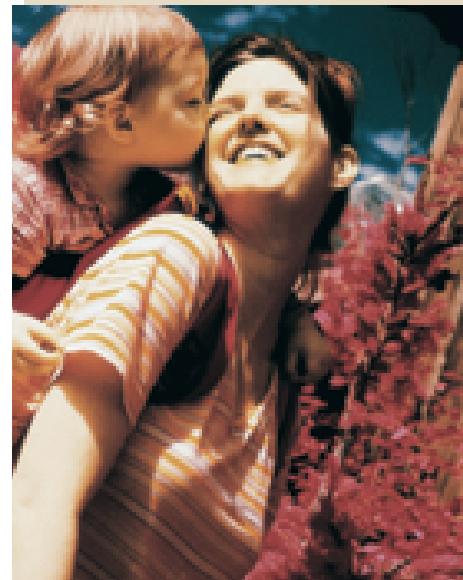
The Payoffs

By improving the skills of a large fraction of the U.S. workforce, ECD programs for poor children would raise the gross domestic product, reduce poverty, and strengthen the U.S. economy. Studies show that poor children who have participated in

these programs have found solid evidence of markedly better academic performance, decreased rates of criminal conduct, and higher adult earnings than their non-participating peers. The resulting budget relief gained by providing ECD services to poor

children will ultimately contribute to funding some of the nation's most pressing future needs.

These research studies illustrate the substantial social, economic and fiscal benefits that result from ECD programs on a national level. Montana and other states have an opportunity to apply these principles through the education and information on the benefits of ECD programs. An ECD program conducted at the state level holds potential of recognizing similar benefits as exhibited in the national studies.



According to Robert G. Lynch, associate professor and chairman of the Department of Economics at Washington College, **investing in high-quality early**

childhood development programs can improve the quality of life for millions of children, reduce crime, make the future more productive, and strengthen the overall economy.

Sources:

The content contained within this document are extracts, analytical data, and summaries based upon:

- *Exceptional Returns: Economic, Fiscal, and Social Benefits of Investment in Early Childhood Development*, The Economic Policy Institute's (EPI), EPI research associate Robert G. Lynch, 2004. For more information and to view the entire study visit <http://www.epinet.org>.
- The Montana Department of Labor and Industry.
- 2004 Kids Count Data Book, Moving Youth from Risk to Opportunity, State Profiles of Child Well-Being; The Annie E. Casey Foundation, 2004.
- Early Learning Left Out: An Examination of Public Investments in Education and Development by Child Age; Voices for America's Children and the Child and Family Policy Center, February, 2004.

STARTING from the START



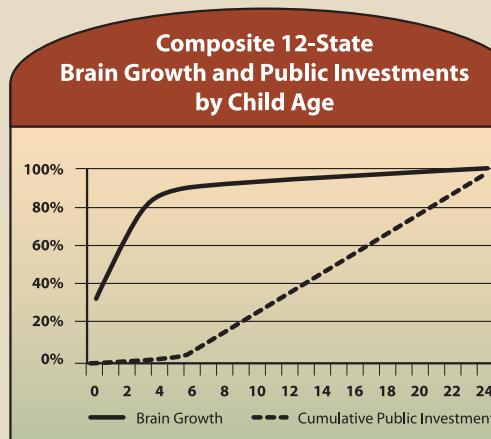
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**The Benefits of
Early Childhood
Development
Programs**

The Need

The need for Early Childhood Development (ECD) programs is ever increasing in today's world, especially for those living in poverty. In Montana 14% of all children under age six live in poverty. In school, poor children often fall far short of achieving their academic potential, making them more likely to enter adulthood lacking the skills to compete in the global labor market.

As adults, they are more likely to suffer from poor health, as well as participate in crime and other antisocial behavior; these children are also less likely to grow up to be gainfully employed and contributing to economic growth and community well being. Not enough is being done to address the needs of these children during the fundamental brain growth stages of childhood development.



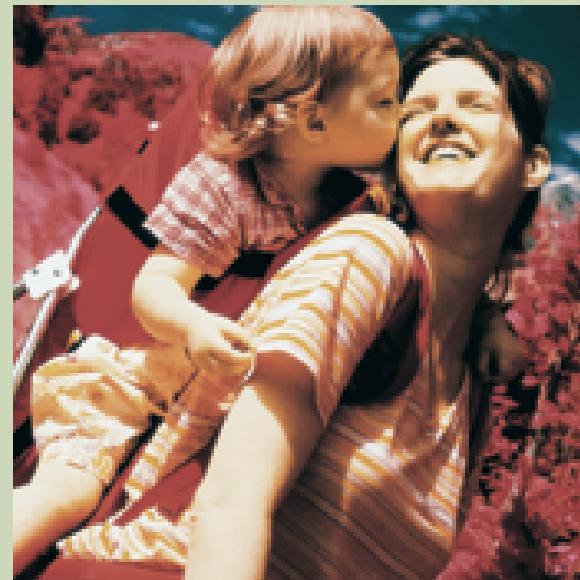
This chart graphically illustrates the lack in cumulative public investments in education and development during the fundamental growth stages of a child's brain. While 85% of a child's core brain structure is formed by age three, less than 4% of public investments in education and development have occurred by that time.

The Benefits

Recent studies of high-quality ECD programs have consistently found that investing in young children has many important benefits for children, their families, and society at large (including taxpayers).

Families

Parents are a child's first teacher. Stronger partnerships between families and high quality ECD programs are a key element in supporting the education of young children. Effective communication and family involvement consistently lead to positive results for the early development of young children.



Social

The benefits of high-quality ECD programs to participating children enable them to enter school "ready to learn," helping them to achieve better outcomes in school and throughout their lives. Parents and families of children who participate in these programs also benefit. Mothers, for example, are less likely to use welfare, abuse or neglect their children and engage in fewer criminal acts. Mothers are also more likely to be employed, have higher earnings, and complete more years of schooling.



Economic

Investments in high-quality ECD programs consistently generate a \$3 return for every \$1 invested—well above the 1-to-1 ratio needed to justify such investments. Providing all 20% of the nation's three- and four-year-old children who live in poverty with a high-quality ECD program would have a substantial payoff for governments and taxpayers in the future. As those children grow up, costs for remedial and special education, criminal justice, and welfare benefits would decline. Once in the labor force, their incomes would be higher, along with the taxes they would pay back to society.

While educational and social impacts of childcare are gaining public attention, the economic impacts of this growing industry are not well understood. There is a need for policy makers, the business community, and the childcare industry itself to learn more of the economic value that childcare brings to Montana, enabling businesses to recruit employees, decrease absenteeism and turnover, and increase productivity; and ensuring a strong economy in the future by preparing children for academic success.

Employment in the childcare industry is projected to grow at a rate of 18.9% over the next 8 years, adding 501 jobs annually.

Fiscal

On the national level, a publicly financed, comprehensive ECD program for all children of low-income families would cost billions of dollars annually, but would create a much larger budget savings over time. By about the 17-year mark, the net effect on budgets for all levels of government combined would turn positive. By 2050, the net budget savings would reach \$61 billion (in 2004 dollars). Government-wide budget savings in 2030 and in 2050 from ECD investments begun in 2005 would be enough to offset about one-fifth of the deficits in the Social Security trust fund projected for those years.

